

Message Text

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PAGE 01 CANBER 04785 081035Z
ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 /082 W
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R 080654Z JUL 77
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 825
INFO AMCONSUL SYDNEY

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EO 11652: NA
TAGS: EIND, AS
SUBJECT: POSSIBLE RESTRICTIONS ON WHISKEY IMPORTS

REF: (A) STATE 156584, (B) CANBERRA 2543, (C) CANBERRA 1636

1. ABOUT 3-4 WEEKS AGO RUMORS BEGAN APPEARING IN PRESS AND CIRCULATING IN WHISKEY TRADE ALLEGING THAT AUSTRALIAN CABINET HAD TAKEN AND WAS ABOUT TO ANNOUNCE A DECISION RESTRICTING WHISKEY IMPORTS. AS EACH OF SEVERAL DATES PREDICTED FOR ANNOUNCEMENT HAS PASSED, RUMORS HAVE BECOME VAGUER. THOUGH INDUSTRY REMAINS CONVINCED THAT ACTION IS IMMINENT, RUMORS HAVE RECEDED TO ABOUT LEVEL THAT DEPARTMENT HAS RECEIVED THEM FROM DISCUS, I.E. THAT CABINET IS TO CONSIDER RESTRICTIONS.

2. IMMEDIATE UPON LEARNING OF RUMORS, ECON COUNSELOR AND COMMATT CALLED ON DEPARTMENT OF OVERSEAS TRADE (DOT) AND LEFT TALKING POINTS DESIGNED BOTH TO DRAW ATTENTION TO U.S. BOURBON INTEREST AND TO MAKE CASE FOR NOT SUBJECTING BOURBON TO IMPORT RESTRICTIONS, AND EMBASSY IS CONFIDENT THAT U.S. INTEREST WILL NOT BE OVERLOOKED IN GOA CONSIDERATION OF MATTER.
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3. DRAWING ON FACTS, HUNCHES, AND RUMORS, EMBASSY BELIEVES MOST PROBABLE SCENARIO IS AS FOLLOWS: TAA REPORT IN EARLY APRIL PROBABLY RECOMMENDED AGAINST ADDITIONAL PROTECTION. INTER-DEPARTMENTAL REVIEW TOOK PLACE AND EITHER CONFIRMED TAA REPORT OR GOT HUNG UP ON QUESTION OF WHETHER AND HOW TO GIVE PROTECTION TO LOCAL BRANDY INTERESTS. EMBASSY BELIEVES THAT

BRANDY, WHICH WAS PERIPHERAL THOUGH INCLUDED IN TAA HEARINGS, IS IN REALITY THE CENTRAL ISSUE. DOMESTIC RED GRAPE PRODUCERS ARE SUFFERING FROM MARKET SHIFT AWAY FROM RED WINES AND HAVE BEEN SEEKING DISPOSE OF GRAPES BY TURNING THEM INTO BRANDY. AT SOME POINT CABINET MAY HAVE REVIEWED TAA REPORT AND INTER-DEPARTMENTAL COMMITTEE RECOMMENDATION, AND IT IS POSSIBLE THAT CABINET MAY HAVE DECIDED THAT ASSISTANCE FOR LOCAL BRANDY PRODUCERS IS NECESSARY. IF SO, THIS MAY HAVE BEEN THE ORIGIN OF RUMORS THAT CABINET WAS ABOUT TO ANNOUNCE DECISION GIVING PROTECTION TO WHISKEY.

4. IN EMBASSY'S VIEW, BIGGEST UNKNOWN IS WHETHER CABINET, IF IT WERE TO ADOPT MEASURES TO PROTECT LOCAL BRANDY, WOULD FEEL AN OBLIGATION FOR SAKE OF FORM TO INTRODUCE TRAFF QUOTAS ON WHISKEY. WERE IT NOT FOR THE BRANDY ISSUE, EMBASSY WOULD FEEL REASONABLY CONFIDENT THAT NO RESTRICTIONS WOULD BE INTRODUCED ON WHISKEYS.

5. AMERICAN BOURBON INTERESTS HAVE UNDERTAKEN BELATED BUT VIGOROUS EFFORT TO MAKE THEIR VIEWS AND INTERESTS KNOWN TO AUSTRALIAN GOVERNMENT, IN PARTICULAR TO MINISTER FOR BUSINESS AND CONSUMER AFFAIRS HOWARD. EMBASSY BELIEVES THAT ALL BASES HAVE BEEN PRETTY WELL COVERED, AND WHILE SPATE OF RUMORS WOULD SUGGEST THAT WITH SO MUCH SMOKE, THERE MAY BE SOME FIRE, EMBASSY REMAINS INCLINED TO VIEW THAT NO WHISKEY RESTRICTIONS WILL BE IMPOSED.
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